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Making Corruption Disappear in Local Government

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Local government corruption is a phenomenon across the world. This article draws upon survey work in Victoria, Australia, to show that citizens believe that corruption exists in local government and experience it, but rarely report it to an anti-corruption agency or elsewhere. Even when reported, tracing the outcome from state-level authorities to the local government becomes an exercise in futility, because the corrupt act is dealt with in policy frameworks that make it effectively disappear. As a result, corruption as perceived or experienced in the everyday life of citizens is different from what is defined in law and dealt with by public bodies. While the data here are Australian, the lessons and principles can be applied in many other countries.

Keywords: corruption, local government, bribery, independent commission against corruption

Bribery is a well-known English word. Most people know what it means. Only the law has difficulty with it.

—Justice Adrian Roden (1990, p. 615)

Local government in one form or another exists throughout the world. It is the point of contact between citizens at large and those chosen from among them to administer public goods on their behalf. The day-to-day activities of local government provide services ranging from waste management to urban planning, from childcare to cemetery management, from road building to public art, and much more—all these activities should be delivered equitably in accordance with the applicable social standards.

Corruption in local government is not a new phenomenon. The infamous Tammany Hall system in New York City was essentially local (i.e., city) government corruption (see Gill Hearn, 2008, pp. 56–57), and, despite the best efforts in the richest nation on earth, local government corruption in New York City persists to this day (Anechiarico, 2005; Anechiarico & Jacobs, 1996; Graycar & Villa, 2011). Nor is corruption in local government simply enrichment by the most powerful actors at this tier. Even in wealthy countries, local government employees will “sell” inequitable services for as little as a package of cigarettes (see Figure 3). Gardiner and Lyman (1978) found that
corruption in local government led to inadequate planning for schools, roads, water, and recreation facilities, the construction of shoddy housing with high fire and safety risks, inflated prices for home buyers, and other failures in the delivery of good governance to the local community.

What is important is that corruption on this tier of government is more visible to the citizenry than corruption at the more remote levels of regional or national government. Despite this, the focus of researchers and practitioners is often on the more serious forms of corruption. For example, it is feared that the new anti-corruption law in Brazil will have little effect on local government corruption. The new law places the responsibility to investigate and prosecute corruption at the highest level of government concerned. At the local level, resources to conduct prolonged and complex investigations are much more limited than at the regional and national

The conduct of public officials is said to be corrupt when

- It damages the public interest;
- Public opinion regards it as corrupt;
- It flouts legal norms;
- It deviates from the formal duties of office;
- Officials abuse their authority in order to maximize their income.

levels. Consequently, serious local government corruption may go unprosecuted (Jordan, 2014). Such experiences logically undermine overall faith and trust in democratic processes.

LOCAL GOVERNMENT CORRUPTION IN AUSTRALIA

In a recent Australian poll, the number of people who thought local government was not corrupt was 2.5 times larger than the number who thought it corrupt. The same poll showed that local government was perceived as corrupt by nearly one fifth of citizens—a figure lower than the one for either the federal government (32%) or the state government (25%) (McAllister, Pietsch, & Graycar, 2012, p. 13). Comparing levels of government, the local variety comes out best, but the poll still indicates that more than 4 million Australians think their local government is corrupt.

These perceptions of corruption differ from citizens’ experiences of corruption. Recent research has recognized the gap between perceptions of corruption and experiences of corruption (Bean, 2008; Clausen, Kraay, & Nyiri, 2011; McAllister, 2014). Despite the gaps between levels of perceptions and actual experiences—for example, 86% of Russians believe public authorities are corrupt, yet only 23% of survey respondents say their household paid a bribe (Rose & Mishler, 2007, p. 1)—relatively little work has been done to examine the gap between corruption experiences and action by the public to counter corruption. This second gap is important in the context of countries with well-developed integrity systems. While no country can be expected to eliminate corruption completely, it is curious that reporting to integrity agencies is at a significantly lower level than either perceptions or reporting to researchers.

The present article focuses on Australia—a rich country with low levels of corruption overall. Australia has a well-developed integrity system at both the national and subnational levels.
For an assessment of the national integrity system, see Brown et al., 2005.) With such systems established, it is reasonable to expect that attempts to elicit a bribe would be reported more often than not; however, our research shows this not to be the case at the level of local government.

The research summarized in this article draws on polling data on a specific type of corruption—bribery—at the level of local government and compares it to reporting and investigative data from anti-corruption agencies and courts. Survey data from the ANUpoll (McAllister et al., 2012) indicate that 8.2% of respondents “or their close friends and family had come across a public official who hinted they [sic] wanted, or asked for, a bribe or a favour in return for a service in Australia,” and of these, 18.4% recalled that the public official worked for local government. This makes the Australian position enviable, with 98.5% of people not experiencing bribery-like corruption at the local government level. However, 1.5% still represents more than 50,000 observations of local government corruption annually. This number should be treated with caution, as sampling error alone could cause wide fluctuations. Furthermore, a single case of bribery, such as the one described in Figure 3, would generate multiple observations. Although it is inadvisable to base public policy on these observations alone, 50,000 potential observations of bribery at the local government level should not be ignored. This study uses the terms “bribery” and “bribery-type behavior” interchangeably, rather than sticking to a strictly legal definition. This is done because the survey data gathered by McAllister et al. (2012) gauged what people perceived as bribery, and not behavior within a strictly legal frame. When we discuss the hard data from official records, we use the term “bribery”; when discussing public perceptions, the term is “bribery-type behavior.” The conflict between perception and the law is neatly summarized in Justice Roden’s statement quoted at the beginning of this article.

Yet even a cautious approach to this figure indicates that the numbers simply do not add up—reported experiences of bribery-type behavior far outnumber the reports made to anti-corruption agencies and other authorities, let alone those cases actually prosecuted in court. What is found is that, while corruption in the legal sense may only be the tip of the iceberg in the overall picture of unethical behavior—where what is known and observable is above the waterline, while the majority remains hidden below—there may be more above the waterline than originally thought. To complete the analogy, much of the corruption above the waterline melts away before it can be properly scrutinized.

Recent research in Victoria, one of the last Australian states to introduce an independent anti-corruption agency, indicates that a disparity remains between public claims to have witnessed corrupt conduct and what is reported to anti-corruption bodies. Data from other states supports this. In New South Wales, for instance, some 33% of matters reported by the public relate to local government (Independent Commission Against Corruption [ICAC], 2013)—yet the overall raw numbers still fall far short of expectations based on the reported experiences of bribery-type behavior, let alone other types of corruption. In this article, the focus is on corruption reports related to local government in Victoria and New South Wales, the states with the newest and oldest anti-corruption agencies, respectively. By describing how these matters are handled from the state level down to the local council, it is hoped that this study will further the understanding of why perceptions of corruption in the third tier of government persist at higher levels than reports of experiences, which in turn are substantially higher than the number of active steps taken to report bribery to the authorities.

The anti-corruption movement both inside and outside academia has been steadily growing over the past three decades. Controlling corruption has been a core element of the
global governance movement since its inception in the early 1990s (Commission on Global Governance, 1995; Finkelstein, 1995; Pope, 1995). Normative research, such as Transparency International’s national integrity system (NIS) and its metaphor of a Greek temple (Figure 1), is now used as an analytical framework to assess the institutional strength of national anti-corruption systems (Pope, 2000). Over 125 national integrity system assessments (NISA) have been conducted since 2001 (Transparency International, 2012, 2014) in wealthy countries (e.g., Brown et al., 2005) and developing nations (e.g., Transparency International, 2009). In the field of international development, anti-corruption efforts are used by international finance institutions such as the World Bank and the International Monetary Fund as an indicator of good governance (Gray & Kaufmann, 1998; Kaufmann, Kraay, & Mastruzzi, 2007, 2009; Kaufmann, Kraay, & Zoido-Lobatón, 1999a, 1999b). This attention and the assessments have a (hopefully) positive impact on the daily lives of citizens in the countries subjected to this type of scrutiny.

Local government is an important place to research corruption—it functions as part of the legislative, executive, and public service integrity pillars. The simple fact is that in nations where government is multitiered, local government often has the greatest impact on the day-to-day lives of citizens and therefore is, to them, the most visible aspect of any system of governance. In the rich countries of the developed world, corruption in local government has become the subject of a growing literature that often applies the NIS model (Pope, 2000) to local government (Huberts & Six, 2012; Huberts, Anechiarcio, & Six, 2008), or foreshadows corruption as a growing problem in countries such as Israel (Beeri & Navot, 2013) or Sweden (Erlingsson, Bergh, & Sjolin, 2008), where the problem of corruption is considered to be solved, or at least under control. In the United Kingdom, ethical standards for local councils under the Local Government Act 2000 were introduced following a series of corruption scandals over the preceding decades (Lawton & Macaulay, 2014, p. 77). A decade later, the Conservative/Liberal Democrat coalition government rolled back the reforms in an attempt to remove bureaucratic and centralized control over local councils (Cowell, Downe, & Morgan, 2014; Lawton & Macaulay, 2014). However, the interest in corruption at the local level has only received marginal attention in Australia.

Australia is a federal parliamentary democracy with three tiers of government: the national-level federal government; six state and two territorial governments; and local government, with about 675 local councils (Warburton & Baker, 2005, p. 62). In 2005, a NISA reviewed all three tiers of government (Brown et al., 2005). Contributors to the NISA examined the federal, state (New South Wales), and local government (Queensland and New South Wales) integrity systems (Roberts, 2005; Smith, 2005; Warburton & Baker, 2005). State-level integrity systems have been further scrutinized in other work (Brown & Head, 2005), particularly in relation to New South Wales (Cripps, 2008; Smith, 2008), which has led the way since the establishment of the Independent Commission Against Corruption (ICAC) a quarter of a century ago. Similarly, Queensland, with its rich history of political and police corruption, has been carefully scrutinized over the years (Prenzler, 2009, 2011; Whitrod, 2001; Williams, 1991), while Victoria has been the subject of more recent research (Graycar, 2014).

Although Warburton and Baker reviewed local government in two states, the NISA did not centrally locate this tier of government. It classified local government as a “distributed” integrity institution, as opposed to a “core” integrity institution—regulated, as opposed to being a regulator (Brown et al., 2005, p. 12; Sampford, Smith, & Brown, 2005). Brown et al.’s (2005, p. 12) study also classified government departments as distributed integrity institutions. Yet for
local government, state-level departments such as the New South Wales Division of Local Government (formerly the Department of Local Government, now subsumed into the Department of Premier and Cabinet), and the Local Government Investigations and Compliance Inspectorate in Victoria provide a watchdog role for local government in Australia. Thus, the delineation between distributed and core integrity institutions is blurred.

This blurring is further compounded elsewhere. A former ICAC commissioner dismissed local councils as having an “absence of real power,” other than “a few relatively insignificant bylaws” (Cripps, 2008, p. 20). This view is unsurprising, as ICAC is tasked with investigating “serious” corruption. However, dismissing local government neglects the fact that it is at this level most citizens interact with government. Council officers are “street-level bureaucrats,” as described by Lipsky (1980), because they can have an immediate and serious impact on the daily lives of citizens. For example, under s.124 of the New South Wales Local Government Act (1993), a council ranger has broad discretionary powers over a person’s behavior (e.g., littering, vehicle parking, noise emission from parties or worksites, and use of firearms), property (e.g., fire hazard clearance and property fencing), and even pets (animal control). As a result, these officers have the ability to severely impact the life of a citizen/client, and therefore are susceptible to consideration for favorable treatment.

Despite the fact that the powers of local government are limited in the scheme of things, they are exercised in areas deemed to be of high risk for corruption. Gorta (2006, pp. 209–210) identified 15 high-risk areas. Table 1 outlines Gorta’s high-risk areas and their relevance to local government.

Australian local government operates in all categories bar biological sampling. It is therefore clear that this tier of government poses a high corruption risk. Having identified local

<table>
<thead>
<tr>
<th>Risk area</th>
<th>Local government activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Inspecting, regulating, or monitoring the standards of premises, businesses, equipment, or products</td>
<td>Yes</td>
</tr>
<tr>
<td>2. Providing a service to new immigrants</td>
<td>Yes</td>
</tr>
<tr>
<td>3. Issuing qualifications or licenses that indicate proficiency or enable someone to undertake certain types of activities</td>
<td>Yes</td>
</tr>
<tr>
<td>4. Providing a service to the community for which demand frequently exceeds supply</td>
<td>Yes</td>
</tr>
<tr>
<td>5. Allocating grants of public funds</td>
<td>Yes</td>
</tr>
<tr>
<td>6. Issuing, or reviewing the issuance of, fines or other sanctions</td>
<td>Yes</td>
</tr>
<tr>
<td>7. Receiving cash payments</td>
<td>Yes</td>
</tr>
<tr>
<td>8. Providing assistance or care to the vulnerable or disabled</td>
<td>Yes</td>
</tr>
<tr>
<td>9. Providing subsidies, financial assistance, concessions, or other relief to those in need</td>
<td>Yes</td>
</tr>
<tr>
<td>10. Making determinations/handling down judgments about individuals or disputes</td>
<td>Yes</td>
</tr>
<tr>
<td>11. Testing blood, urine, or other bodily samples from people or animals</td>
<td>No</td>
</tr>
<tr>
<td>12. Having discretion concerning land rezoning or development applications</td>
<td>Yes</td>
</tr>
<tr>
<td>13. Selling tickets</td>
<td>Yes</td>
</tr>
<tr>
<td>14. Undertaking construction</td>
<td>Yes</td>
</tr>
<tr>
<td>15. Having regular dealings with the private sector other than for the routine purchasing of goods and services</td>
<td>Yes</td>
</tr>
</tbody>
</table>

government as an important arena for corruption research, attention is directed to the available
data for analysis.

The problem often cited in respect to the use of perceptions of corruption as a measure is the
fundamental variance in what different people perceive as corruption. The behaviors perceived
as corruption can be broadly divided into two categories—behavior that is unquestionably
illegal and behavior that is legal but generates distrust (Pierce, 2014). An example of the former
would be straight-out bribery, whereas hidden political donations can fall into the latter
category. The present research overcomes the perception problem by focusing on bribery-type
behavior. The survey question—“In the last five years, how often have you or a member of your
immediate family come across a public official who hinted they wanted, or asked for, a bribe or
a favour in return for a service in Australia?”—removes any ambiguity between respondents’
perceptions of corruption and their experiences. This question has been fielded in 2007
(Phillips, Tranter, Mitchell, Clark, & Reed, 2007, p. B22) and 2012 (McAllister et al., 2012,
p. 28). The latter survey followed up by asking respondents whether they “remember[ed]
what institution or organization the public official worked for,” thus giving a firmer number
of experiences of bribery-like corruption in local government.

**Estimating Levels of Local Government Corruption**

One of the fundamental problems of corruption research is definitional—what one person
perceives as corrupt behavior, another may interpret as ordinary politics or business.
In the political sphere alone, Hindess (2003, pp. 3–6) summarized the work of Philp (1997)
within the Australian context (see Figure 2).

All these definitions are equally applicable to the three tiers of government. However, two of
the definitions have particular significance for this research—public opinion regards the conduct
of officials as corrupt and officials abuse their authority to maximize their income. The significance
reflects the source of our data—public opinion—and the type of corrupt conduct observed—bribery.

Using recent poll data, we estimate the prevalence of bribery-type behavior in the context of
local government in Australia. We then compare this with official data from the agencies tasked
with controlling corruption in local government in New South Wales and Victoria, Australia’s
two most heavily populated states. The official data are broken down into types of corrupt beha-
viors, the activities corrupted, the sector affected, and places where it occurred. Graycar and
Sidebottom (2012) developed this method, referred to as TASP (Types, Activities, Sectors,
Places), as a tool to formulate context-specific corruption-control options. Table 2 presents
the four dispositions of the TASP model.

Of all the types of corruption listed above, bribery is the least ambiguous. The receipt by
public officials of cash, goods, services, or favors beyond their official salary in exchange
for preferential treatment—whether the treatment is lawfully required or breaches the law—
is clearly corrupt behavior under any of the definitions offered by Hindess (2003).

**Serious Corruption in Local Government**

Within Australia, there are a number of anti-corruption agencies at the state and federal levels.
However, a brief look at their annual reports reveals far lower levels of corruption, as opposed
to a relatively high level of matters that fail to meet public expectations, yet do not satisfy the legal definition of corruption.

For example, in New South Wales, ICAC received some 2,930 matters from the public or government agencies in 2012/13. Seventy-one preliminary investigations commenced, but only 22 moved on to full investigations; during the year, only 19 prosecutions eventuated from these and previous investigations (Independent Commission Against Corruption, 2013, pp. 9, 16, 25). These figures represent a bare fraction of the 370,000 state and local government employees in New South Wales (Division of Local Government, 2010; Independent Commission Against Corruption, 2011, p. 9; New South Wales Government, 2011). Two things are clear from these data. First, there is a large gap between what is reported as corruption and what is treated as corruption. Second, there is a broad range of ethically or morally deficient behaviors that do not meet the integrity standards of those members of the public reporting matters to ICAC. Similar disparities between corrupt activities and other misbehavior can be found with the New South Wales Ombudsman (2011), and Huberts’ (2012, pp. 4–5) research also showed a low level of strictly corrupt behavior in the context of the Netherlands police, local government, and U.S. companies. A comparison of Huberts and Six’s integrity violations to the New South Wales ICAC data can be seen in Table 3.

The Independent Commission Against Corruption has completed 34 investigations into serious corruption involving local government since 1989 (see Table 4). Of these cases, 25 involved some form of bribery or attempted bribery. Due to the commission’s focus on serious corruption, these cases usually involved property developers who stood to make significant financial gains from the right type of approval, as reflected by the number of developers in the main actors’ category and the issuance of permits as the activity corrupted. Of those people found to be corrupt by ICAC, 88 are private individuals, outnumbering public officials (66) by precisely a third. The relatively low numbers in Table 3 are not always indicative of the extent of bribery in local councils. Figure 3 provides a case study illustrating how widespread a single case of bribery can be.

At the time of writing, Victoria’s Independent Broad-based Anti-Corruption Commission (IBAC) has only been fully operation for a year, and there are insufficient data to tabulate serious local government corruption in the state at this point. However, two cases of alleged local government corruption have been investigated, along with one regarding corrupt cemetery administration in Victoria.3 Bribery allegations featured in two of these investigations, with one case found and now before the courts, and the other unsubstantiated.

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**TABLE 2**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Bribery, extortion, misappropriation, self-dealing, conflict of interest, abuse of discretion, patronage, nepotism, cronyism, trading in influence, pay to play, etc.</td>
</tr>
<tr>
<td>Activity</td>
<td>Appointing personnel, buying things (procurement), delivery of programs or services, making things (construction/manufacturing), controlling activities (licensing/regulation/issuing of permits), administering (e.g., justice), etc.</td>
</tr>
<tr>
<td>Sector</td>
<td>Local government, construction, health, tax administration, environment and water, forestry, customs and immigration, welfare systems, agriculture, urban planning, legal systems, etc.</td>
</tr>
<tr>
<td>Place</td>
<td>Countries, regions, localities, cities/towns, organizations, workplaces, etc.</td>
</tr>
</tbody>
</table>

*Sources: Graycar & Sidebottom, 2012, p. 386; Graycar & Prenzler, 2013, p. 11.*
Other Corruption in Local Government

Resource issues keep ICAC and IBAC focused on serious corruption. However, as the case of Operation Jarek demonstrated (see Figure 3), corruption in local government is often at a level of seriousness that is insufficient to trigger a major investigation. These cases are dealt with by the Division of Local Government in New South Wales and by the Local Government Inspections and Compliance Inspectorate in Victoria. Although data specific to bribery are not readily accessible from these authorities, the overall profile of complaints to action by the agency matches those of ICAC and IBAC. Of the 1,068 complaints relating to 126 councils received in 2012–13 by the Division of Local Government, 703 were declined, and 177 were reviewed or subjected to preliminary inquiries; of the remainder, only four matters went before a tribunal (Division of Local Government, 2013). In Victoria, the inspectorate lists all its prosecutions since 2009 (n = 32), but not one was related to bribery, despite it is the authority to which such allegations should be made (Local Government Investigations and Compliance Inspectorate, 2014).

Hidden Numbers: How Councils Deal with Bribery

An alternative to reporting bribery to a dedicated anti-corruption agency is to report it directly to the local council, especially if the bribe is being solicited by a lower-level council employee. Depending upon the seriousness of the matter, corruption of this kind can be dealt with

<table>
<thead>
<tr>
<th>Violation</th>
<th>Description</th>
<th>ICAC descriptor (% of total referrals)a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption: bribery</td>
<td>Misuse of public powers for private gain; asking, offering or accepting bribes</td>
<td>Bribery, secret commissions, and gifts (8%)</td>
</tr>
<tr>
<td>Corruption: nepotism, cronyism, patronage</td>
<td>Misuse of public authority to favor friends, family, party</td>
<td>Other corrupt conduct (6%)</td>
</tr>
<tr>
<td>Fraud and theft</td>
<td>Improper private gain acquired from organization (no involvement of external actors)</td>
<td>Improper use or acquisition of funds or resources (12%)</td>
</tr>
<tr>
<td>Conflict of (private and public) interest</td>
<td>Personal interests (through assets, jobs, gifts, etc.) interfere (or might interfere) with public interest</td>
<td>Personal interest (13%)</td>
</tr>
<tr>
<td>Improper use of authority (for noble causes)</td>
<td>Using illegal/improper methods to achieve organizational goals</td>
<td>Corrupt conduct related to investigations or proceedings (6%)</td>
</tr>
<tr>
<td>Misuse and manipulation of information</td>
<td>Lying, cheating, manipulating information, breaching confidentiality of information</td>
<td>Improper use of records (19%)</td>
</tr>
<tr>
<td>Discrimination and sexual harassment</td>
<td>Misbehavior toward colleagues, citizens, or clients</td>
<td>Partiality (19%)/intimidating or violent conduct (6%)</td>
</tr>
<tr>
<td>Waste and abuse of resources</td>
<td>Failure to comply with organizational standards, improper performance, incorrect or dysfunctional internal behavior</td>
<td>Failure to perform required actions (10%)/improper use or acquisition of funds or resources (12%)</td>
</tr>
<tr>
<td>Private-time misconduct</td>
<td>Conduct in one’s private time that violates moral norms, harms public trust</td>
<td>Category not mapped to ICAC data</td>
</tr>
</tbody>
</table>


“Total percentages exceed 100% because the same matter can address multiple forms of conduct.
administratively by council. The problem for researchers is that such administrative action may be hidden in the minutes and reports of hundreds of local councils. Furthermore, such records may reflect terms such as misconduct or maladministration rather than the more serious expressions of bribery and corruption.

Figure 4 presents a case study from the annual report of the Independent Commission Against Corruption (2013, p. 24). This single incident was observed by many people—the business owner, the staff member, ICAC and council staff, the reporting member of the public, and quite possibly other customers—yet only one reported the matter. It is recorded in the official statistics of ICAC and presumably the council. However, if it had been reported directly to the council, or to a private contracting firm working for council, the disciplinary action might still have occurred, but then would remain hidden in council minutes, personnel files, or the records of the firm. For example, Blacktown Council was recorded by the Division of Local Government as having three instances of public interest disclosures made in 2012–13. No details of what occurred are available from either the DLG or the council; both simply report statistical data (Blacktown City Council, 2013; Division of Local Government, 2013). It is also plausible that the language used in the disciplinary proceedings is not that of corruption scholars, lawyers, and anti-corruption agencies. Dismissal of an employee, termination of a contract, or other proceedings can be attributed to a failure to perform rather than corruption. Evidence of councillors being removed from office in the United Kingdom for fraud and flouting planning regulations “without full investigation and adjudication” has been presented by Cowell et al. (2014, p. 33). Under such circumstances, local government corruption can remain hidden.

<table>
<thead>
<tr>
<th>Type</th>
<th>Activity</th>
<th>Sector</th>
<th>Corrupt people</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bribery (including 5 attempts)</td>
<td>25</td>
<td>Permits</td>
<td>18</td>
</tr>
<tr>
<td>Nepotism, cronyism, favoritism, patronage</td>
<td>11</td>
<td>Procurement</td>
<td>8</td>
</tr>
<tr>
<td>Conflict of interest</td>
<td>6</td>
<td>Licensing</td>
<td>3</td>
</tr>
<tr>
<td>Misappropriation</td>
<td>5</td>
<td>Making things</td>
<td>2</td>
</tr>
<tr>
<td>Influence trading</td>
<td>3</td>
<td>Appointing personnel</td>
<td>2</td>
</tr>
<tr>
<td>Abuse of discretion</td>
<td>2</td>
<td>Elections</td>
<td>2</td>
</tr>
<tr>
<td>Information/material misuse</td>
<td>2</td>
<td>Service delivery</td>
<td>2</td>
</tr>
<tr>
<td>Discrimination</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pervert course of justice</td>
<td>1</td>
<td>Sydney metro</td>
<td>21</td>
</tr>
<tr>
<td>Blackmail</td>
<td>1</td>
<td>Other metro</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rural</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public authorities</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Parliament</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Source: Developed by authors from ICAC website data on past investigations (Independent Commission Against Corruption, 2014).

Numbers of type, activity, sector, and people exceed 34 as multiples can occur in any given case.

No corruption findings were made in seven of these investigations.

Operation Jarek (see Figure 3) investigated only 15 of 110 public authorities (88 councils).
Court Proceedings

The firmest data available on bribery are the number of persons charged and the charges preferred in court for bribery offenses. Official crime statistics from Victoria and New South Wales indicate that between 2000 and 2012, 275 bribery offenses were recorded by the Victoria police (2012), and in New South Wales 501 bribery offenses were charged against 272 people, resulting in 105 convictions (Bureau of Crime Statistics and Research, 2012). These figures fall well short of the expected observations noted above. Hence, observations make an acceptable alternative to legal data that are not necessarily created, maintained, or kept accessible with the researcher in mind. The research assumption that measures such as the Corruption Perceptions Index can be substituted for hard data is valid—simply because even countries with the best integrity systems cannot prosecute every instance of corruption, even when the law is clear-cut, as in the case of bribery. Quite simply put, prosecutions are not indicative of the prevalence of corruption.

DISCUSSION

So the question remains, why are the reported levels of corrupt behavior in discord with the number of observations reflected in survey data? The answer is multifold. To begin with, many people simply do not want to get involved. As Gorta and Forell (1995) demonstrated, government employees need to make a series of decisions in the affirmative before they would report a corrupt act; and they comprise the group entrusted by society to administer public goods. This survey of Victorian public servants \((n = 839)\) indicated that over half (56\%) would only report...
corruption on the basis of hard evidence. The projected observations calculated above would, at best only constitute hearsay evidence of corruption.

Focus group research conducted by the authors in 2012 reflected similar concerns that strong evidence is required before reporting corruption:

If I suspected it and I had nothing to prove ... they'd hang up and just go “Oh, yeah, we’ve got another prank caller.” (Group 3, young adults)

Other concerns raised by the focus groups regarding any decision to report corruption included: the danger of repercussions, the likelihood of outcomes, the severity of the case, the need for anonymity, and an understanding of the situation and one’s rights.

Once a decision to report corruption is made, uncertainty about where to report it follows. The focus groups discussed reporting matters to the media, police, local government, ombudsman, or the public authority in which the corruption had occurred. However, it was apparent across the groups that the primary concern related to reporting corruption was the lack of certainty and knowledge regarding actions that could be taken by an individual. There was a general sense that people did not know where they could turn to report corruption in the public service:

That’s the thing—you’d like to be able to know who to turn to. (Group 2, families)

I wouldn’t know where to go. (Group 3, young adults)

If you’re willing to take it up with someone, I mean, sure, you can spend half an hour looking it up on the computer and then go from there. (Group 3, young adults)

I think it boils down to the fact of, you know, who would you report it to and who would believe you? You know, probably nothing is going to happen in the end anyway, so why bother? (Group 5, families outer metropolitan)

Nor did they know whom they could trust in doing so:

The problem there is that you don’t know whether the next level that you’ve got to complain to is also in on it. I think that is a problem and then if there’s likely something going to happen to you that is unfavourable. (Group 1, retirees)

Once we wouldn’t have even thought of it; you’d just go straight to the police ... you’ve got to stop now and think, that are they to be trusted? (Group 2, families)

My biggest concern is my lack of faith in it.... And whether my anonymity, if that’s required, will be held .... Or whether the person that I’m reporting to isn’t a mate of the guy, or the person that I’m reporting about. You know, there’s those sorts of faith that—losing faith. And that would be the biggest thing in my mind. (Group 6, regional)

Who watches the watchers? (Group 6, regional).
Consequently, the notion that people needed to be informed about the best ways to report instances of corruption was expressed.

The above factors coalesce to diminish the number of bribery-type activities actually reported. Furthermore, the resource limitations of ICAC and the police and judicial services further erode the number of cases actually prosecuted. Finally, the element of collusion between briber and bribed further camouflages the observations noted above.

CONCLUSION

This article has shown how data on corruption go through a series of diminishment processes—from perception to observation; from observation to reporting; from agency to agency; and finally, from the hard language of allegation to a softer approach to administrative action—which taken together, for both the researcher and the public at large, make many acts of corruption apparently disappear. Thus it is plausible that local government corruption is closer to the levels reported in survey data than is revealed in the official reports of anti-corruption bodies. While this study does not argue that all observations translate into individual corruption events, it does argue that perceptions may be a useful gauge for policymakers.

Rules cannot cover every action, nor can every rule be enforced to the nth degree—even when this is expected by those who are governed. Administratively treating every integrity violation as corrupt conduct, just as it is perceived by the public, is equivalent to using a sledgehammer to crack a walnut. The competing values of effectiveness and efficiency in public administration therefore temper the enforcement of the value of incorruptibility. This results in what Grindle (2004) described as “good enough” governance in the developing world, a description that Evans (2012) found applicable in the Australian governance context.

Adding an extra level of reporting for local government would go some way to satisfying the need for better data on corruption. However, the current status quo would seem to reflect that instances of corruption are being appropriately handled once a relevant authority (local government, police, or anti-corruption agency) is informed. Better data reporting would simply add a layer of confusion and bureaucracy to the local integrity system without any tangible gains. To illustrate, the case outlined in Figure 2 was only reported to the council, which handled it as might have been expected; would it have been handled any better if council officials had taken the time to analyze whether it was, or was not, corruption in the legalistic or academic sense and then reported it up? Furthermore, instances of observed but unreported corruption at the local level would continue to go uncaptured by any such additional reporting measure. In this case, the warning of Anechiarico and Jacobs (1996) not to over bureaucratize in the pursuit of absolute integrity applies.

As a final observation, the data reviewed here are calculated on a specific question about bribery-type behavior. There remain plenty of other amoral activities in the corruption spectrum—nepotism, cronyism, conflict of interest, extortion, self-dealing, misappropriation, abuse of discretion, and influence trading, just to name a few—that are key areas for future research. However, bribery gives some solidity to the nature of corruption in that it is a criminalized activity with universal recognition.
NOTES

1. The ANUpoll is conducted for the Australian National University by the Social Research Centre, Melbourne. The survey is a national random sample of the adult population aged 18 years and over conducted by telephone. In this survey, 2,020 people were interviewed between August 13 and September 9, 2012, with a response rate of 43%. The results have been weighted to represent the national population. The survey’s margin of error is ± 2.0%. Full details of the survey can be found at http://tric.anu.edu.au/sites/default/files/documents/ANUpoll_ethics_corruption.pdf.

2. Many street-level bureaucrats in Australia are employed at the state level—police, teachers, court officials, nurses, and so on. There is no clean division, as even the federal government employs street-level bureaucrats (e.g., Medicare), but the accessibility of council employees and elected council officials to the public places them all in this categorization for the purposes of this article.

3. While cemetery administration in Victoria is not technically part of local government administration, it is a very local activity.

4. The council is unnamed.

REFERENCES


